

10.300 Debt Management

10.301 Incurring Debt. The System, the System Administration, and the Institutions shall issue or incur debt (taxable or tax-exempt) in accordance with applicable federal and state law and pursuant to actions taken by the Board to authorize the issuance or incurrence of debt. The System, the System Administration, and the Institutions shall obtain an opinion from bond counsel that the issue complies with applicable laws and regulations and receive approval from the Texas Bond Review Board and Texas Attorney General before issuing or incurring any long-term or short-term debt. If a project requires Texas Higher Education Coordinating Board approval, no debt proceeds will be allocated to that project prior to receiving such approval.

10.302 Short-term Indebtedness. The Board delegates to the Vice Chancellor for Finance the authority to issue short-term indebtedness of up to \$100,000,000 in Revenue Financing System (“RFS”) commercial paper, provided that the outstanding aggregate principal amount of RFS commercial paper shall not exceed the sum of self-liquidity provided by the System and liquidity support obtained with the approval of the Board from a financial institution. The Vice Chancellor for Finance shall be responsible for identifying funds held by the System for the purpose of providing self-liquidity in support of the RFS commercial paper notes, the investment of such funds, and the administration and development of a policy with respect to the management of the self-liquidity program. Short-term debt may be used to purchase equipment and to provide interim financing for capital projects (including land acquisition) during construction. The Vice Chancellor for Finance shall be responsible for monitoring the issuance of RFS commercial paper, including the rollover of outstanding RFS commercial paper notes. All conversions from the RFS commercial paper program to long-term indebtedness shall be approved by the Board.

10.303 Bond Approval. The Vice Chancellor for Finance has the authority to approve the pricing of bond and note issues.

The Vice Chancellor for Finance is responsible for assuring compliance with all bond covenants and that all necessary approvals, certifications, and authorizations are fully documented and made available to the Board and to all bondholders.

- 10.304 Debt Service. The Vice Chancellor for Finance is responsible for assuring that all debt service payments are made in a timely manner to the appropriate paying agents. The President is responsible for debt service funding if an Institution is participating in the RFS program.
- 10.305 Texas Higher Education Coordinating Board Approval. The Vice Chancellor for Finance shall be responsible for maintaining a record of the approvals of projects by the Texas Higher Education Coordinating Board that are financed or to be financed with the proceeds of debt, including approvals identifying the proposed funding sources and amounts authorized for approved projects.
- 10.306 Reimbursement Certificates. The Vice Chancellor for Finance is authorized and directed to execute Reimbursement Certificates, as required by U.S. Treasury Regulations § 1.150-2, in connection with projects the Board intends to debt finance.
- 10.307 Financing of Capital Items with Commercial Paper. Financing of any capital item through the use of RFS commercial paper must be approved by the Board. The Vice Chancellor for Finance shall be responsible for submitting any required notice to the Texas Bond Review Board.
- 10.308 Contracts for the Use and Management of Facilities. The offices of the Vice Chancellor for Finance and the Vice Chancellor and General Counsel shall review all contracts regarding the use and management of facilities by third parties, prior to the approval of such contracts by the Board, to determine that the execution of, and the performance of the System, the System Administration, and the Institutions under, such contracts does not result in the violation of any covenants of the System in instruments authorizing the issuance of debt, including, without limitation, covenants with respect to the tax-exempt status of debt issued or to be issued by the System.

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